

## New Brunswick Travel Trade Tip Sheet : Overseas, US & Canadian Markets

The New Brunswick based tourism supplier has many options for attracting Overseas, US and Canadian travellers.

This tip sheet will provide an overview of how the business-to-business option, known as the *Travel Trade Distribution Channel*, works, how travel trade can impact your business and how to get involved.



### Travel Trade Distribution Channel

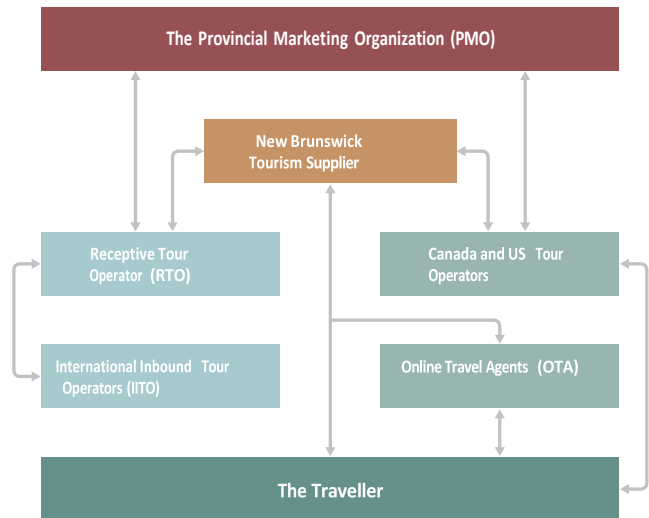
The following provides an overview of the various Travel Trade distribution partners and how they connect.

The Provincial Marketing Organization (PMO) in partnership with Regional Destination Marketing Organizations (RDMO) create and bridge partnerships to increase business to New Brunswick. The PMO works closely with the Receptive Tour Operators (RTOs) and the International Inbound Tour Operators (IITO) as well as Canadian & US Tour Operators. Your PMO for NB is Tourism, Heritage and Culture.

The RTO is an expert in the products and experiences New Brunswick offers. They are based in Canada and seek out new products and experiences that they will offer to their overseas IITO partners.

The RTO is based in the receiving country and takes care of the international guest, while they are in New Brunswick (on behalf of the IITO). RTOs can work with groups (a booking that consists of more than 10 travellers) and/or F.I.T (individual travellers, couples or travelling companions who are travelling on their own and have booked through travel trade). The RTO receives a commission or net rate.

The IITO is usually based in the country of origin of the traveller. The IITO can work with the travel agent or sell to the consumer direct. The IITO could source tourism suppliers in New Brunswick directly or partner with an RTO. The IITO receives a commission or net rate. The commission that the IITO receives should be less than the RTO commission as the RTO sells to the IITO.



Canada and US Tour Operators tend to book direct with the New Brunswick tourism supplier as they are closer-in markets and are more familiar with Canada.

Travel agents could source products and experiences direct from a tourism supplier or sell pre-packaged experiences from a tour operator to their client, the traveller. Travel agents are paid a commission.

Online Travel Agents (OTAs) contract direct with the tourism supplier and sell online, direct to the consumer. They are paid a commission (often much higher than traditional travel agents).

## Some of the Benefits of Working with Travel Trade

1. Expanded distribution - Travel trade provides an opportunity to extend market reach beyond traditional clients. The key markets for Travel Trade for New Brunswick are UK, Germany, France, US & Canada.
2. Market diversification - Having a broader customer base which includes international markets can minimize the risk of "having all your eggs in one basket" should there be an economic or outside influence - i.e. exchange rates, price of gas.
3. Extended travel periods - International travel patterns aren't always focused around weekends and New Brunswick's traditional summer high season, so working with travel trade may level out seasonality issues.
4. Weather resistant - Due to the time and cost commitment, international travellers are not likely to cancel a trip as easily as the Canadian domestic market (e.g., in the event of rain or colder than average temperatures).
5. Advance bookings (yield) - International travellers start booking in late November for the following summer season. They generally spend more and travel longer, and they are less likely to rebook last minute to secure lower prices elsewhere.



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## Commissions and Net Rates

Each partner needs to generate revenue for the services they provide. The following is a general guideline for commissions paid.

Commission is a percentage of the overall booking and a Net Rate is the retail price less the negotiated commission. You negotiate the pricing with one travel trade partner, for example the RTO or the IITO. If you work through the RTO they will take care of the IITO and that business takes care of the travel agent. You only pay the commission or net rate once, once the booking has actualized.

Distribution Channel	Commission Rate Range
Receptive Tour Operator (RTO)	15 – 30 %
International Inbound Tour Operator (IITO)	15 – 20 %
Retail Travel Agent	10 – 15 %
Online Travel Agent (OTA)	10 – 30 %

*Note: There are no upfront fees to work with Travel Trade.*

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## Other Considerations

Advance Planning for Rates - In order to work with overseas travel trade, you will need to have your rates prepared 12 to 18 months prior. The RTO will start researching and secure new product for the following year in late fall and early winter. By mid-summer the product offering is usually complete and then presented by the RTO to IITOs in Europe. The IITOs have the offerings ready for the consumer by late fall. The consumer bookings commence in November with peak booking times from January – March. For US and Canadian markets, the lead time is shorter. For larger repeat groups (i.e. a series arriving every week - rates are usually required one year prior and for ad hoc group the request comes in as required by the tour operator – usually within the same year or season).

Bookings and communication – It is imperative that a booking request is acknowledged and responded to within 24 hours. Based on time zones and multi-component packages, there are numerous tourism suppliers impacted. If the booking cannot be confirmed because one component has not been addressed, everyone loses.

For more information contact your Regional Destination Marketing Organization.